

# State of Utah DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt Governor Ted Stewart Executive Director James W. Carter Division Director 1594 West North Temple, Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

October 28, 1997

Max J. Reynolds Great Salt Lake Minerals Corporation 765 North 10500 West P.O. Box 1190 Ogden, Utah 84404

Re: <u>Updated Drawings and Legal Descriptions; Permitting of New Features, Great Salt Lake Minerals and Chemical Corporation.(GSLM), Little Mountain Plant, M/057/002, Weber County, Utah</u>

Dear Mr. Reynolds:

Thank you for the updated drawings and legal description (Attachment A to the Reclamation Contract) received by the Division on August 1, 1997. Enclosed for your records are copies of the current Reclamation Contract and surety bond documents with the effective date of October 27, 1997.

Three of the five drawings received by the Division will require some minor modifications to be suitable as descriptions of the affected areas. The modifications are the inclusion of a sufficient number of township, range and section locations to allow a location description of features such as NE/4 section 1, T6N, R4W, SLBM. These drawings appear to include a coordinate grid system, but do not include township, range and section locations. Please provide modified versions of the following drawings with your response to this letter: Dwg. No. 800-11-5-019 Little Mountain Plant Site and Promontory Property; Dwg. No. 101-01-05-036 Strongs Knob; and West Pond Expansion.

There are several new features associated with GSLM's operations which have been constructed or are in the process of being constructed which the Division received no official notification. These features are under the primary jurisdiction of the Army Corps of Engineers (ACOE); however, the Division's Minerals Rules also apply.

The new barrier dike along the west shore in Clymer Bay and the new underwater canal from Clymer Bay out into open water will need to be included in the mining and reclamation

Page 2 Max J. Reynolds M/057/002 October 28, 1997

plan filed with the Division. GSLM will need to provide the Division with information describing these features according to section R647-4-119 Amendments of the Minerals Rules. Based on the Division's review of ACOE documents (January 9, 1996 letter to GSLM, and Permit No. 199550289) it appears that the reclamation surety will need to be adjusted for reclamation of the barrier dike.

Enclosed for your use is a copy of the Minerals Rules and a Notice of Intention to Revise Large Mining Operations form (form MR-REV). If the revision form lacks sufficient space for the appropriate information, please use the form as a guideline and format your information accordingly. Please submit the completed revision document within 60 days from your receipt of this letter. If you have any questions regarding this letter or the completion of the revision form please contact me at (801)538-5286 or Lynn Kunzler at (801)538-5310.

Sincerely,

D. Wayne Hedberg Permit Supervisor

Minerals Regulatory Program

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Enclosures: Division review of new operations features

Copy of signed MR-RC and surety bond (10/27/97)

Minerals Rules, form MR-REV

cc: Will Stokes, SITLA (ML-25384)

m57-02tg.let.

# DIVISION REVIEW OF NEW OPERATIONS FEATURES Great Salt Lake Mineral & Chemical Company Little Mountain Plant M/057/002

#### Barrier Dike (dike along west shore)

This dike is approximately 8.5 mile long. The proposed design is for a dike surface 10 feet wide at the crest. The preferred construction method will use a wide track dozer during the winter months. The dozer method will create a dike approximately three feet high, ten feet wide at the crest and approximately 30(?) feet wide at the base. An alternate method of construction would be using a backhoe on mats. The backhoe method would create a dike approximately five feet high, ten feet wide at the crest and 30-40 (?) feet wide at the base. The backhoe method would create an excavated borrow area parallel to the dike approximately 3 feet deep. The dike is to be constructed on mud flats, sandy soil and unvegetated flats along Clymer Bay during January to March 1996. The dike will be constructed on lands owned or leased by GSLM. The purpose of the dike is to prevent surface runoff from entering the "West Pond" created by GSLM. The West Pond is the area impounded by the dike from Strong's Knob to The Fingerpoint. The approximate location of the new dike is shown on the sketch received by the Division on August 1, 1997 titled "West Pond Expansion" This sketch shows a second new dike running from a peninsula to the main West Pond Expansion dike (within the pond system) to create a separated section within the pond.

#### **Dredged Canal**

The proposed canal will be excavated within the substrate of the North Arm of the Great Salt Lake. The canal will extend from the north end of Clymer Bay to open water to provide a connection with lake surface waters. The canal excavation work will be done in stages. The canal will be approximately ten feet deep, 10 to 20 feet wide and 18,750 feet long. Excavated spoil material will be deposited on the existing exposed lake sediments approximately ten feet from the new canal and placed continuously for 1,000 feet alternately on each side of the canal. Approximately 25 acres of lake bed would be impacted by this project.

#### Applicability of DOGM Minerals Rules & the Act

<u>Barrier Dike</u> - The Barrier dike will be constructed along the 4201 elevation line. This construction would normally be outside of the water level of the lake, therefore, the disturbance would be considered surface disturbance. Surface disturbance created for mineral extraction from the waters of the state would be subject to the Mined Land Reclamation Act and the Minerals Rules. The ACOE permit states under Standard Conditions, section 1 that "... when the permittee desires to abandon the activity authorized he must restore the area to a condition satisfactory to the District Engineer." The Minerals Rules require a mine operator to post

Page 2 Little Mountain Plant Review M/057/002

reclamation surety sufficient for reclamation of the surface disturbance in compliance with the post mine land use. The mining and reclamation plan will need to be amended to include this feature and the reclamation surety will need to be revised to include third party costs for reclamation of the barrier dike.

<u>Dredged Canal</u> - The canal will be constructed entirely within the waters of the lake and, therefore, the disturbance would not fall under the definition of surface disturbance according to the Act. The mining and reclamation plan will need to be amended to include this dredged canal; however, no adjustment to the reclamation surety is needed, since there will be no "surface disturbance" to be reclaimed for this feature.

FORM MR-RC Revised June 10, 1996 RECLAMATION CONTRACT

(Phone)

File Number <u>M/057/002</u>

Effective Date <u>/0 /2 7 / 97</u>

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5291

Fax: (801) 359-3940

DECEIVE APR 3 0 1997 DIV. OF OIL, GAS & MINING

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms beloware defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/057/002 (Mineral Mined) Evaporites (Potash, Sodium Chloride, Magnesium Chloride) "MINE LOCATION": (Name of Mine) Little Mountain Plant (Description) 19,500 acres solar ponds + 17,000 acres new ponds, processing plants, gravel pits for dike construction and maintenance. "DISTURBED AREA": (Disturbed Acres) 140 (refer to Attachment "A") (Legal Description) "OPERATOR": (Company or Name) Great Salt Lake Minerals Corp. (Address) 765 N 10500 W Ogden, Utah 84404

(801) 732-3205

"OPERATOR'S REGISTERED AGENT": (Name) (Address)	Max J. Reynolds  Vice President - Operations
	765 N 10500 W Ogden, Utah 84404
(Phone)	(801) 732-3206
"OPERATOR'S OFFICER(S)":	Robert F. Clark, President  Max J. Reynolds, VP Operations  Dan Richardson, VP Finance/Planning
"SURETY": (Form of Surety - Attachment B)	Letter of Credit
"SURETY COMPANY":	
(Name, Policy or Acct. No.)	Bank of Boston
"SURETY AMOUNT": (Escalated Dollars)	\$298,900
"ESCALATION YEAR":	2002 Dollars
"STATE": "DIVISION": "BOARD":	State of Utah  Division of Oil, Gas and Mining  Board of Oil, Gas and Mining
ATTACHMENTS: A "DISTURBED AREA": B "SURETY":	
This Reclamation Contract (hereinafter into between <u>Great Salt Lake Minerals</u> the Utah State Board of Oil, Gas and Mining	the "Operator" and
WHEREAS, Operator desires to conduct Intention (NOI) File NoM/057/002 was State Division of Oil, Gas and Mining "Division Reclamation Act, Sections 40-8-1 et seq., Ut amended) (hereinafter referred to as "Act") a	which has been approved by the Utah on" under the Utah Mined Land tah Code Annotated, (1953, as

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1.	Operator agrees to conduct reclamation of the Disturbed Area in			
	accordance with the Act a	and implementing reg	gulations, the original	
	Notice of Intention dated	June 29, 1977	, and the origina	
	Reclamation Plan dated	June 13, 1977	. The Notice of	
	Intention as amended, and		an, as amended, are	
	incorporated by this refere	ence and made a par	t hereof.	

- 2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
- 3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
- 4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
- 5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
- 6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance

with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

- 7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
- 8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
- 9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
- 10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
- 11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
- 12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
- 13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the

parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

By: Max J Reynolds

By: Max J Reynolds

Authorized Officer Typed or Printed)

Authorized Officer Signature

Date

SO AGREED this 2714 day of October 1997

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY

Dave D. Lauriski, Chairman

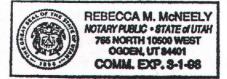
Utah State Board of Oil, Gas and Mining

Page 5 of 8 Revised June 10, 1996 Form MR-RC

## DIVISION OF OIL, GAS AND MINING: 10/27/97 Lowell P. Braxton, Acting Director STATE OF UTAH COUNTY OF SALT LAKE On the 27 day of appeared before me Lowell duly sworn did say that he/she, the said Lowell P. BRAXHOU is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/stre duly acknowledged to me that he/stre executed the foregoing document by authority of law on behalf of the State of Utah. Notary Public VICTORIA A. BAILEY 1594 West North Temple Salt Lake City, Utah 84114 My Commission Expires February 29, 2000 State of Utah Residing at: SALT

My Commission Expires:

OPERATOR: Great Salt Lake Minerals Corporation Operator Name <u>4/24/47</u> By Max J. Reynolds - VP Operations Corporate Officer - Position STATE OF COUNTY OF On the 24th day of april, 19 97, personally appeared before me Max J. Reynolds me duly sworn did say that he/she, the said Max J. Reynolds is the <u>Vice President - Operations</u> of <u>Great Salt Lake Minerals Corp.</u> and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said duly acknowledged to me that said Max J. Reynolds company executed the same.



Notary Public
Residing at: Ogden Wah

My Commission Expires: 3-1-98

### **ATTACHMENT "A"**

Great Salt Lake Minerals Corp.	Little Mountain	
<u>Plant</u> Operator	Mine Name	
M/057/002	Weber	County,
Utah Permit Number		

### The legal description of lands to be disturbed is:

"EXHIBIT A-1' (DWG. No. 800-11-05-020)
"EXHIBIT A-2" (DWG. No. 800-110-05-019) and
"EXHIBIT A-3" (DWG. No. 101-01-05-006), received September 16. 1991 was replaced by DWG. No 101-01-05-036 and Dwg. No. 101-11-05-039, attached herewith.

## **BANK OF BOSTON**

THE FIRST NATIONAL BANK OF BOSTON POST OFFICE BOX 1763
BOSTON, MASSACHUSETTS 02105 U.S.A.

IRREVOCABLE STANDBY LETTER OF CREDIT NO. ISSUED IN BOSTON, MA. USA ON APRIL 8, 1997.

Applicant: Great Salt Lake Minerals Corp. 8300 College Blvd. Overland Park, Kansas 66210 DIV. OF OIL, GAS & MINING
Beneficiary:
Utah Division of Oil, Gas, and
Mining
1594 West North Temple
Salt Lake City, Utah 84180-1203
Attn: Jim Carter

AMOUNT: USD 298,900.00
TWO HUNDRED NINETY EIGHT THOUSAND
NINE HUNDRED AND 00/100 UNITED
STATE DOLLARS

DATE AND PLACE OF EXPIRY: APRIL 8, 1998, OUR COUNTERS

- 1. Bank of Boston, ("Surety"), of Boston, MA, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas, and Mining ("Division") for the aggregate amount not to exceed \$298,900.00 in United States Dollars ("Face Amount") effective immediately.
- 2. This Letter of Credit shall become effective by amendment by Bank of Boston upon swift notification from First Security Bank of Utah, N.A. to Bank of Boston (FNBBUS33) that their Letter of Credit No.

  "las been returned and canceled."
- 3. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Boston time) on **APRIL 8, 1998** or (b) the date upon which sufficient documents are executed by the Division to release Great Salt Lake Minerals Corp. ("Operator") from further liability for reclamation of M-057002 with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.
- 4. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division at least 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.
- 5. Funds under this Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. delivered to Bank of Boston, 150 Federal Street, 4th Floor, M/S 50-04-01, Boston, MA 02110. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
- 6. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 5 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 5 of this Letter of Credit, available to the Division no later than the close of business, Boston time, on the second business day following the Surety's receipt of the sight draft and certificate and in such manner as the Division may specify.
- 7. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory

## **BANK OF BOSTON**

THE FIRST NATIONAL BANK OF BOSTON POST OFFICE BOX 1763 BOSTON, MASSACHUSETTS 02105 U.S.A.

PAGE 2, LETTER OF CREDIT NO.

requirements which could result in suspension or revocation of the Surety's charter or license to do business.

- 8. The Letter of Credit will be governed by the laws of the State of Massachusetts and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 Revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Massachusetts law and the UCP, Massachusetts law shall govern.
- 9. All communications regarding this Letter of Credit will be addressed to the Bank of Boston, c/o Trade Services Department, 150 Federal Street, 4th Floor, M/S 50-04-01, Boston, MA 02110, referencing Letter of Credit No.

  Phone inquiries can be made to Jane Woodman at (617)434-8714.

Authorized signature

# BANK OF BOSTON THE FIRST NATIONAL BANK OF BOSTON

POST OFFICE BOX 1763 BOSTON, MASSACHUSETTS 02105 U.S.A.

PAGE 3, LETTER OF CREDIT NO.

## **EXHIBIT A - SIGHT DRAFT**

LETTER OF CREDIT NO			
Date	City, County	Letter of Credit no.	
	Amount		
PAY TO THE ORD	ER OF:		
	(	Beneficiary)	
		DOLLARS	
TO: (Name of Bank and (Address)	or Surety)	Utah Division of Oil, Gas, and 1594 West North Temple Suite Box 145801 Salt Lake City, Utah 84114-580	1210
		By:	-
		Authorized Signature	

### BANK OF BOSTON THE FIRST NATIONAL BANK OF BOSTON

THE FIRST NATIONAL BANK OF BOSTON POST OFFICE BOX 1763
BOSTON, MASSACHUSETTS 02105 U.S.A.

PAGE 4, LETTER OF CREDIT NO

#### (BENEFICIARY LETTERHEAD)

## EXHIBIT B to

	Letter of Credit Nun	iber	
Mining, hereby certify that accompanying this certification permitted under the provision terminated pursuant to its drawn under the Letter of and Mining, after notice at of the Reclamation Bond, the Bank of Boston Letter drawing will be utilized in	t (1) the drawing in the amount of the Letter of Credit I ion of the Letter of credit, (terms, (3) the amount of the Credit, does not exceed the ind hearing, has entered an owhich in this instance allow of Credit no.  ### The Credit is a content of the credit in this instance allow of Credit in this instance allow of Credit in the credit in this instance allow of Credit in this instance allow	resentative of the Utah Division of count of \$, by sig No, by sig No, dated	ght draftissued by you in a price of nor punts previously ard of Oil, Gas ardering forfeiture ing to draw down to ceeds of this agether with the
		The Utah Division of Oil, Gas and I	Mining
		By:Authorized Signature	
	1	Date:	

**BANK OF BOSTON** 

THE FIRST NATIONAL BANK OF BOSTON POST OFFICE BOX 1763 BOSTON, MASSACHUSETTS 02105 U.S.A.

JUN 3 0 1997

DIV. OF OIL, GAS & MINING

June 27, 1997.

AMENDMENT TO STANDBY LETTER OF CREDIT NO. ISSUED IN BOSTON, MA. USA ON APRIL 8, 1997.

Applicant: Great Salt Lake Minerals Corp. 8300 College Blvd.

Overland Park, Kansas 66210

Beneficiary:

Utah Division of Oil, Gas, and

Mining

1594 West North Temple

Salt Lake City, Utah 84180-1203

Attn: Jim Carter

AMOUNT:

USD 298,900.00

TWO HUNDRED NINETY EIGHT THOUSAND

NINE HUNDRED AND 00/100 UNITED

STATE DOLLARS

DATE AND PLACE OF EXPIRY:

APRIL 8, 1998, OUR COUNTERS

This Letter of Credit has become effective on June 12, 1997 as Bank of Boston has received swift notification from First Security Bank of Utah, N.A. to Bank of Boston (FNBBUS33) that their Letter of Credit No.

'has been returned and canceled.

All other terms and conditions of the original credit instrument remain unchanged.

All communications regarding this Letter of Credit will be addressed to the Bank of Boston, c/o Trade Services Department, 150 Federal Street, 4th Floor, M/S 50-04-01, Boston, MA 02110, referencing Letter of Credit No.

! Phone inquiries can be made to Jane Woodman at (617)434-8714.

Authorized signature